

**RAPID TRANSIT PROJECT 2000 LTD.
ANNUAL REPORT**

Fiscal 2001/2002

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Message from the Chair

Since early 1986, travelers in the Greater Vancouver region have been well served by an automated light rail transit system commonly known as SkyTrain. In that time more than 500 million passengers have traveled on SkyTrain making it the backbone of the region's integrated public transit network.

The year 2002 will mark the completion of the new Millennium Line SkyTrain extension, the first major rapid transit expansion since the Scott Road-Surrey Centre section was added to the existing Expo Line in 1994. Work began on the project in 1999 and progressed rapidly ever since. The first two stations on the Millennium Line began revenue service in early 2002 and the balance open in September.

Lower Mainland commuters will benefit from more rapid transit service to more destinations. They can take SkyTrain to places like Lougheed

Mall, Simon Fraser University, Lake City Industrial Park, Brentwood Mall, and the central Broadway corridor. That means fewer cars on the road and less auto emissions in the air.

The completion of the Millennium Line is a tribute to the design, engineering, and construction expertise of the many BC firms who participated in this project. Experience gained in the development of earlier SkyTrain lines has enabled the Millennium Line to be built in a timely and cost effective manner. RTP 2000's management team provided sound leadership throughout the course of the project, implementing prudent controls and ensuring that all goals were effectively met.

The Millennium Line is an important addition to the transportation infrastructure of the Greater Vancouver region. By providing residents with a fast, clean, and reliable transit system, the Millennium Line will help improve the already desirable quality of life in Greater Vancouver.

~ Dan Doyle, P.Eng.

Message from the President & Project Director

It seems like only yesterday that work first started on the Millennium Line. The task ahead was a formidable one filled with many complex challenges: a demanding schedule, inflexible budget, and exacting technical standards.

Today, the job is almost done. The 20.5 km of guideway travels from New Westminster to Commercial Drive. Along its length are 11 bright, friendly stations. Running through them will be a mixed fleet of existing MK I SkyTrain cars and 60 new spacious MKII SkyTrain cars. Ensuring everything will operate smoothly will be a state-of-the-art automated control electrical and mechanical system. Adjacent to the line are numerous community enhancements including new parks, better roads and bridges, and cycling facilities.

It's no secret that I am very proud of the ingenuity, work, dedication, and commitment by all the people involved with the Millennium Line. The talent, ability, and focus of RTP 2000's team has helped the project accomplish much in a brief time. The same applies to the many BC design, engineering, construction, and service firms involved with the project. Everyone involved deserves the highest degree of credit.

It is always useful to view projects like the Millennium Line in a broader context. When compared to similar large rapid transit projects in North America, the Millennium Line really stands out. While other projects, in places like Seattle, have dragged on for years and years, the Millennium Line will be completed less than three years after work began. Where other rapid transit projects routinely run over budget, the Millennium Line is forecast to finish significantly under budget.

The benefits of the Millennium Line have already been showcased at Sapperton and Braid Stations in New Westminster where ridership is ahead of early forecasts. Feedback from customers is also very encouraging. The same is expected for the rest of the Millennium Line. And even though the line is just nearing completion, it is already fulfilling its promise as a catalyst for new development both in Burnaby and Vancouver. This trend should continue with the same vigor that has been experienced on the Expo Line.

Building the Millennium Line was a tough, but rewarding job that will leave a lasting legacy to the talent and ability of its builders.

~ John Eastman, P.Eng.

CORPORATE PROFILE

Mission

Rapid Transit Project 2000 Ltd. is a provincially held limited company incorporated under the *BC Company Act*. RTP 2000's mandate is to:

- Design and construct the Millennium Line;
- Implement the terms of the memorandum of understanding between Bombardier and the Province;
- Participate in cost sharing negotiations between the Province and TransLink; and
- Undertake studies to determine the feasibility, acceptability, cost, implementation options, and financing strategies for lines to Vancouver West and Port Moody-Coquitlam.

RTP 2000's financial management is governed by the *Financial Administration Act*, *Financial Information Act*, and a fiscal agency agreement with the Ministry of Finance. A comprehensive protocol agreement defines RTP 2000's corporate relationship with the provincial government, including Board authority in respect of material decisions and reporting requirements.

The *BC Transit Amendment Act* and a previous agency agreement with BC Transit grants RTP 2000 the powers under the *BC Transit Act* to determine the alignment for the SkyTrain extension and acquire the property rights for the statutory right-of-way.

Minister Responsible

Honourable Judith Reid, Minister of Transportation

Board of Directors

RTP 2000 is led by a three-member board of directors.

- Dan Doyle, RTP 2000 Board Chair - deputy minister of transportation
- Paul Taylor - RTP 2000 Audit Committee Chair - deputy minister to treasury board
- John Eastman - president and project director of RTP 2000

RTP 2000's management reports regularly to the board regarding financial matters, system engineering and design, public consultation, and environmental matters.

Executive Group

RTP 2000 is led by a team of executives with extensive experience in planning, designing, building, and operating various transit and transportation projects within Canada and overseas. The executive group includes:

- John Eastman - president and project director
- Teresa Watts - deputy project director
- Colin Smith - chief financial officer and corporate secretary
- David Walker - director of project services and controls



THE YEAR IN REVIEW

The project advanced considerably in the past year as Rapid Transit Project 2000 worked toward completing the Millennium Line on schedule and significantly under budget.

System Hand Over

- Phase I of the Millennium Line (5.1 km line from Columbia to Braid via Sapperton Station) was handed over to the operator, British Columbia Rapid Transit Company (BCRTC), as planned on December 17, 2001. BCRTC put Phase I into revenue service on January 5, 2002.
- MKII cars were successfully integrated onto the existing system. Eight MKII trains (16 vehicles) are currently providing revenue service. All 30 trains (60 vehicles) will be ready for revenue service by June 30, 2002.

Millennium Line Construction

- Construction was completed at two stations along Phase I of the Millennium Line in the fall of 2001 and continued on eight stations along Phase II of the Millennium Line.
- Bombardier continued installing electrical and mechanical systems, including running rails, power rails, linear induction motor rails, and automatic train controls.
- Testing and commissioning of the MK II cars continued on the Expo and Millennium Lines.
- Planning of the Lake City Station began in early 2002. The station, which will be built and operational by January 2004, will be funded in part by the MIF (\$4.8 million) and in part by TransLink (\$11.7 million).

Municipal Integration Fund (MIF)

The purpose of this fund is to provide ancillary amenities along the Millennium Line. It is co-funded by the Province and TransLink (on behalf of the cities of Vancouver, Burnaby, and New Westminster).

- The foreshore park at Sapperton Landing was handed over to the GVRD and City of New Westminster in the fall of 2001. The three-hectare park was fully funded by MIF (\$6.9 million).
- Construction of the Braid Station bus loop was completed in time for the Phase I

opening of the Millennium Line. The bus loop serves as a major interchange for buses from New Westminster and Coquitlam.

Expo Line Upgrades

Upgrades to the Expo Line are funded by TransLink and managed by RTP 2000.

- Systems upgrades at BCRTC's Operations & Maintenance Centre were completed. The upgrades allow the centre to control fully integrated operations of both lines.

Start-Up

- Costs associated with TransLink's initiation of revenue service on the Millennium Line are being funded in part by the Province (up to \$9.7 million). Included within this funding are RTP 2000's costs related to the acquisition of spare parts and manuals.

VCC Station Deferral

- The construction of VCC Station and its associated tail tracks remained deferred pending resolution of costs relating to the impact of the location of VCC Station on BNSF's mainline and adjacent sidings trackage. \$20.5 million has been allocated for the future construction of this station.

Future Lines

- RTP 2000 has completed its approved scope of work on the development of a preliminary determination of the scope, alignment, station locations, budget, and schedule for the proposed Lougheed Mall to Coquitlam and VCC to Arbutus lines.

Project Close-Out

- RTP 2000 prepared a comprehensive closeout plan detailing outstanding project tasks.
- RTP 2000 closed its Vancouver office in October 2001 and has been continuously downsizing its staff as the project nears completion.

MANAGEMENT DISCUSSION

In May 1998, the provincial government approved a budget of \$1.1665 billion to plan, design, and build a new SkyTrain line (the Millennium Line) from New Westminster's Columbia Station to Vancouver Community College's King Edward Campus (VCC). Subsequently, five other related projects were approved:

- Lougheed Mall to Coquitlam definition phase (\$6.8 million)
- VCC to Arbutus definition phase (\$4.2 million)
- Negotiations (\$1.7 million)
- Coquitlam pre-build (\$29.3 million)
- Expo Line upgrades (\$94 million)
- Municipal Integration Fund (MIF) (\$35 million)

The Province is also financing RTP 2000's acquisition of twenty MKII SkyTrain vehicles for TransLink to use on the existing Expo line. Total costs of about \$68 million (including interest) will be recovered in full from TransLink on acceptance of delivery of the vehicles, as will the \$94 million for the Expo Line upgrades and \$17.5 million for the MIF items upon their completion.

Millennium Line

The Millennium Line's budget includes:

- \$833.5 million for direct costs, including the cost of the guideway, stations, operating systems, vehicles, and land.
- \$117.3 million for design, management, public consultation, and communications.
- \$215.7 million for borrowing costs, taxes, and project contingency.

As of March 31, 2002, project expenditures totaled \$1,007.8 million. A further \$50.5 million was recorded as commitments, of which \$31.2 million was committed contractually.

Other Projects

To March 31, 2002, expenditures on the other projects totaled \$127.7 million of the \$171.0 million approved. A further \$12.6 million contractually committed.

Total Projects

For fiscal 2001/02, RTP 2000's authorized capital expenditure limit was \$355.3 million. Following a favorable ruling on RTP 2000's application for full GST input tax credits and receipt of a refund of \$61.2 million, actual net capital expenditures for the year totaled \$177.0 million.

The mitigation of construction related risks, favorable interest rate trends, and the capitalization of interest during construction upon substantial completion of contracts also lessened RTP 2000's need to draw upon its approved capital funding for the year. RTP 2000's remaining project contingency totaled \$47.1 million at March 31, 2002.

RTP 2000 is forecasting that each of its approved projects will be completed under budget.

SAR Transit's delay claim was satisfactorily resolved, through mediation, within the project budget.

Project Management

During the year, management continued to use a series of initiatives to enhance its integrated scheduling, contract management and financial systems, including significantly:

- Monthly cost reports to enable management and administration at both contract and work breakdown structure levels.
- Quarterly financial reviews by external auditors.
- Quarterly project progress and risk identification reviews by external consultants specializing in management of large transportation capital projects.
- Bi-weekly reviews of project closeout and staffing plans.

In addition, reviews by the Auditor General and the Province's Fiscal Review Panel concluded that RTP 2000 finances are in order and that the project has a reasonable chance to complete substantially within budget.

Financial Statements of

RAPID TRANSIT PROJECT 2000 LTD.

Years ended March 31, 2002 and 2001

AUDITORS' REPORT TO THE SHAREHOLDER

We have audited the balance sheet of Rapid Transit Project 2000 as at March 31, 2002 and the statements of operations and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2002 and the results of its operations and the cash flows for the year then ended in accordance with Canadian generally accepted accounting principles. As required by Company Act (British Columbia), we report that, in our opinion, these principles have been applied on a basis consistent with that of the preceding year.

KPMG LLP

Chartered Accountants

New Westminster, Canada
May 10, 2002

RAPID TRANSIT PROJECT 2000 LTD.

Balance Sheets

March 31, 2002 and 2001

	2002	2001
Assets		
Cash	\$ 546,238	\$ 3,188,469
Accounts receivable	5,175,149	1,309,732
Due from related parties (note 8)	560,463	-
Due from Greater Vancouver Transportation Authority (note 3)	39,420,610	60,359,794
Goods and Services Tax receivable (note 4)	175,739	24,103,403
Capital assets (note 5)	1,008,334,627	800,203,128
Deferred charges (note 6)	11,516,704	34,514,270
Deposits and interest accrued on behalf of Greater Vancouver Transport Authority for vehicles to be transferred (note 7)	14,188,680	62,752,669
	<u>\$ 1,079,918,210</u>	<u>\$ 986,431,465</u>

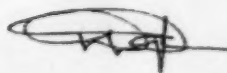
Liabilities and Share Capital

Accounts payable and accrued liabilities	\$ 18,654,099	\$ 24,756,267
Due to related parties (note 8)	916,647	656,834
Lien holdbacks	4,409,005	7,482,095
Fiscal agency loan (note 9)	47,109,341	113,826,571
Deferred capital and pre-operating contributions (note 10)	920,805,599	777,567,994
Accrued interest on deferred capital and pre-operating contributions	88,023,518	62,141,703
Share capital (note 11)	1	1
	<u>\$ 1,079,918,210</u>	<u>\$ 986,431,465</u>

Commitments and contingencies (note 12)
Subsequent events (note 13)

See accompanying notes to financial statements.

Approved on behalf of the Board:



Dan Doyle

Director



Paul Taylor

Director

RAPID TRANSIT PROJECT 2000 LTD.

Statement of Operations

Years ended March 31, 2002 and 2001

	2002	2001
Revenue:		
Amortization of deferred capital and pre-operating contributions	\$ 31,025,301	\$ -
Expenses:		
Amortization of capital assets	1,490,762	-
Amortization of deferred charges	29,534,539	-
	31,025,301	-
Net earnings	\$ -	\$ -

See accompanying notes to financial statements.

RAPID TRANSIT PROJECT 2000 LTD.

Statements of Cash Flows

Years ended March 31, 2002 and 2001

	2002	2001
Cash provided by (used in):		
Operations:		
Net earnings	\$ -	\$ -
Non-cash items:		
Amortization of deferred capital and pre-operating contributions	(31,025,301)	-
Amortization of capital assets	1,490,762	-
Amortization of deferred charges	29,534,539	-
Investments:		
Capital assets additions	(209,622,261)	(299,883,681)
Increase in deferred charges	(6,536,973)	(12,268,810)
Decrease (increase) in deposits and interest accrued on behalf of GVTA	48,563,989	(3,435,513)
	(167,595,245)	(315,588,004)
Financing:		
Increase in accounts receivable	(3,865,417)	(625,150)
Increase in due from related parties	(560,463)	-
Decrease (increase) in GST receivable	23,927,664	(12,169,033)
Decrease (increase) in due from GVTA	20,939,184	(20,081,797)
Decrease in accounts payable and accrued liabilities	(6,102,168)	(13,915,305)
Increase (decrease) in due to related parties	259,813	532,528
Increase (decrease) in lien holdbacks	(3,073,090)	5,591,883
Increase in fiscal agency loan	17,798,938	22,585,770
Repayments of fiscal agency loan	(84,516,168)	(9,952,987)
Increase in deferred capital and pre-operating contributions	174,262,906	304,444,875
Increase in accrued interest on deferred capital and pre-operating contributions	25,881,815	41,117,512
	164,953,014	317,528,296
Increase (decrease) in cash	(2,642,231)	1,940,292
Cash, beginning of year	3,188,469	1,248,177
Cash, end of year	\$ 546,238	\$ 3,188,469

See accompanying notes to financial statements.

RAPID TRANSIT PROJECT 2000 LTD.

Notes to Financial Statements

Years ended March 31, 2002 and 2001

1. Rapid Transit Project 2000 Ltd.:

Rapid Transit Project 2000 Ltd. (the "Company") was incorporated under the laws of British Columbia.

Based on the Protocol Agreement with the Province of British Columbia (the "Province"), as represented by the Minister of Finance and the Minister Responsible for Transit, the Company was incorporated to carry out the study, design, construction and development of a Rail Transit System (the "SkyTrain Extension") approved by the Province. In this capacity, the Company acts as an agent for the Province and conducts its activities in a manner consistent with general financial and management policies approved by the Treasury Board and the Province's Policy Framework for Crown Entrepreneurial Activities. Ongoing funding, banking, borrowing and investing activities related to the Project are carried out in accordance with applicable agreements between the Company and Provincial Treasury.

Effective January 7, 2002, Phase I of the Millennium Line was placed into revenue service under an interim use agreement by British Columbia Rapid Transit Company Ltd., a subsidiary of the Greater Vancouver Transportation Authority ("GVTA"). Currently the Company is negotiating a long-term agreement for use of the Line with the GVTA.

2. Significant accounting policies:

(a) Basis of presentation:

Costs associated with the construction of the SkyTrain Extension are capitalized on the accrual basis to either capital assets or deferred charges.

(b) Capital assets:

SkyTrain Extension construction costs are recorded at cost including interest during construction. Amortization is charged upon commencement of revenue service operations over the estimated service life using the following methods and annual rates:

Asset	Basis	Rate
Computer software	Straight-line	3 years
SkyTrain extension	Straight-line	40 years
Vehicles	Straight-line	25 years

(c) Deferred charges:

Pre-operating costs are deferred until the related assets are ready for revenue service at which time the costs are charged to operations.

RAPID TRANSIT PROJECT 2000 LTD.

Notes to Financial Statements

Years ended March 31, 2002 and 2001

2. Significant accounting policies (continued):

(d) Deferred capital and pre-operating contributions:

The Company is following the deferred method of accounting for contributions. Accordingly, capital and pre-operating contributions from the Ministry of Finance are recognized as revenue in the year in which the related expenditures are recognized. Contributions for the construction of capital assets are deferred and amortized into revenue on a straight-line basis, at a rate corresponding with the amortization rate for the related capital assets.

(e) Use of estimates:

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements. Significant areas requiring the use of management estimates relate to the provision for accrued liabilities, contingencies and the amortization of capital assets, deferred charges, and deferred capital and pre-operating contributions. Actual results could differ from these estimates.

3. Due from Greater Vancouver Transportation Authority:

	2002	2001
Municipal Integration Fund:		
Costs receivable	\$ 602,892	\$ 4,331,621
GST receivable	42,202	303,213
	645,094	4,634,834
Systems Upgrades:		
Costs receivable	4,269,653	52,079,402
GST receivable	231,792	3,645,558
	4,501,445	55,724,960
Vehicles delivered:		
Costs receivable	32,031,842	-
GST receivable	2,242,229	-
	34,274,071	-
Total	\$ 39,420,610	\$ 60,359,794

RAPID TRANSIT PROJECT 2000 LTD.

Notes to Financial Statements

Years ended March 31, 2002 and 2001

4. Goods and Services Tax ("GST") receivable:

In December 2001, a ruling was received from Canada Customs and Revenue Agency confirming that the Company qualifies to claim 100% of the GST incurred. As a result, the Company reclassified \$24,717,702 of GST previously included in capital assets and deferred charges to GST receivable which was collected during the year.

5. Capital assets:

			2002	2001
	Cost	Accumulated amortization	Net book value	Net book value
Construction-in-progress ("CIP") (schedule)	\$ 172,573,794	\$ -	\$ 172,573,794	\$ 772,428,271
Land under CIP	2,466,972	-	2,466,972	-
Completed construction (schedule)	807,402,139	1,490,762	805,911,377	-
Land in use	27,382,484	-	27,382,484	27,774,857
Computer software	736,913	736,913	-	-
	\$ 1,010,562,302	\$ 2,227,675	\$ 1,008,334,627	\$ 800,203,128

Included within capital assets is \$20.9 million of land, which was expropriated under the Expropriation Act and has been registered in the name of BC Transit. A number of previous owners of expropriated land have challenged the expropriated value. Any difference between the amounts paid and subsequently reassessed will be recorded in the period of reassessment. The balance of the land, \$8.9 million, is registered in the Company's name.

Construction-in-progress includes other project costs consisting of municipal integration costs, systems updates to the current SkyTrain system and to the Operations and Maintenance Centre to accommodate the new Mark II vehicles, and funds advanced by the Company for a Provincially approved pre-build of a connection at Lougheed Town Centre Station for the future Port Moody-Coquitlam Line. The Company is entitled to receive reimbursement from the GVTA of up to \$17.5 million for 50% of the Municipal Integration Fund costs and \$94 million for the costs of the system upgrades. The Province is advancing funding against the Coquitlam Extension against an approved value of \$29.3 million.

As at March 31, 2002, the Company has \$8.2 million remaining to be recovered for the Municipal Integration Fund and up to \$24.2 million remaining to be recovered for the systems upgrades.

Included within construction-in-progress are management estimates of liabilities which may result from negotiations with contractors relating to contract changes.

RAPID TRANSIT PROJECT 2000 LTD.

Notes to Financial Statements

Years ended March 31, 2002 and 2001

6. Deferred charges:

Costs incurred to date	2002	2001
Insurance	\$ 744,924	\$ 744,924
Amortization	736,913	736,913
Communications	5,561,080	4,774,662
Business development	4,057,516	3,617,176
Finance and administration	15,224,515	11,322,825
Definition phases	7,859,464	6,795,779
Taxes	816,084	614,797
Other	6,050,747	5,052,250
GST	-	854,944
	41,051,243	34,514,270
Accumulated amortization of deferred charges relating to assets ready for revenue service	29,534,539	-
	\$ 11,516,704	\$ 34,514,270

7. Deposits and interest accrued on behalf of Greater Vancouver Transportation Authority for vehicles to be transferred:

On October 21, 1998, the Ministry of Finance approved the purchase from Bombardier Inc. ("Bombardier") of 20 new Mark II SkyTrain vehicles for the existing SkyTrain system in conjunction with the Company's Mark II vehicle contract.

	2002	2001
Deposits	\$ 55,486,669	\$ 55,486,669
Accrued interest (including treasury fees, interest, and letter financial security costs)	9,438,401	7,266,000
Recovered from GVTA	(50,736,390)	-
	\$ 14,188,680	\$ 62,752,669

The vehicles will be transferred to the GVTA and full reimbursement of the purchase price plus accrued interest will be received under an existing negotiated agreement upon completion of the project.

RAPID TRANSIT PROJECT 2000 LTD.

Notes to Financial Statements

Years ended March 31, 2002 and 2001

7. Deposits and interest accrued on behalf of Greater Vancouver Transportation Authority for vehicles to be transferred (continued):

The Company has a \$10.6 million letter of financial security from Bombardier in respect of deposits on vehicles not yet delivered.

The Company has a \$39.3 million letter of financial security from Bombardier relating to the Electrical and Mechanical contract.

8. Related party transactions:

The following table summarizes the Company's related party transactions during the period:

	2002	2001
Minister of Finance	\$ 278,049	\$ 296,185
BC Transit	547,838	304,847
BC Transportation Financing Authority	104,000	58,571
Highway Constructors Limited	1,321,834	227,509

These transactions, which are with common-controlled enterprises, are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

The following amounts represent balances outstanding as at March 31, 2002 with related parties:

	2002	2001
Due from:		
BC Transportation Financing Authority	\$ 560,463	\$ -
Due to:		
BC Transit	\$ -	\$ 45,749
BC Transportation Financing Authority	27,630	31,489
Minister of Finance	48,676	98,103
Highway Constructors Limited	840,341	481,493
	\$ 916,647	\$ 656,834

The amount due from a related party is due on demand and has arisen from reimbursement of costs related to start up and Provincial negotiator activities. The amounts payable to related parties are due on demand and have arisen from the secondment of staff.

RAPID TRANSIT PROJECT 2000 LTD.

Notes to Financial Statements

Years ended March 31, 2002 and 2001

9. Fiscal agency loan:

The fiscal agency loan represents monies borrowed from the Ministry of Finance to make deposits on 20 new Mark II SkyTrain vehicles (note 7) and for upgrades to the existing system (note 5). The fiscal agency loan is unsecured and comprises a series of short-term discounted notes which have been continually rolled over. The notes bear interest at rates ranging from 1.73% to 1.84%. The fiscal agency loan will be repaid as funding is received from the GVTA for the 20 new Mark II SkyTrain vehicles and for upgrades to the existing system.

10. Deferred capital and pre-operating contributions:

Deferred capital and pre-operating contributions are comprised of funding received as non-repayable Prepaid Capital Advances ("PCAs") from the Ministry of Finance for the design, planning and construction of the SkyTrain Extension and the related pre-operating costs. The deferred capital and pre-operating contributions have been funded by the Ministry of Finance by way of short-term notes and long-term notes. Attributed interest for the short-term notes is capitalized by the Province and added to the total of PCAs contributed by the Province to the Company. Attributed interest on the long-term notes is capitalized by the Province semi-annually and is added to the total PCAs contributed by the Province to the Company.

Borrowings incurred by the Province to fund the deferred capital and pre-operating contributions of the project are as follows:

	2002	2001
Short-term discounted notes	\$ 8,119,579	\$ 13,703,586
Long-term notes	960,450,841	779,243,107
Interest reinvestment (included in accrued interest on deferred capital and pre-operating contributions)	(16,739,520)	(15,378,699)
Amortization of deferred capital and pre-operating contributions	(31,025,301)	-
	<u>\$ 920,805,599</u>	<u>\$ 777,567,994</u>

The short-term discounted notes have been continually rolled over. Interest during construction is attributed to these notes by the Province at rates approximating 1.80%.

RAPID TRANSIT PROJECT 2000 LTD.

Notes to Financial Statements

Years ended March 31, 2002 and 2001

10. Deferred capital and pre-operating contributions (continued):

Long-term notes of the Province have the following terms:

Amount	Rate	Maturity date
Fixed rate notes:		
\$ 54,885,768	6.31%	August 23, 2024
109,995,184	6.52%	June 18, 2029
139,739,146	6.52%	June 18, 2029
16,397,160	6.38%	January 9, 2012
50,221,592	6.31%	August 23, 2010
78,303,103	6.34%	August 23, 2010
39,923,808	6.62%	August 23, 2010
30,007,732	6.33%	April 10, 2021
25,964,245	6.40%	September 10, 2021
56,999,026	5.25%	December 1, 2006
28,312,923	4.63%	October 3, 2006
Floating rate notes:		
92,902,262	5.48%	December 6, 2002
136,732,185	5.96%	June 9, 2008
100,066,707	5.49%	February 8, 2005
\$ 960,450,841		

11. Share capital:

The Company has authorized and issued one common share without par value to Her Majesty the Queen in right of the Province of British Columbia.

12. Commitments and contingencies:

(a) Operating lease commitments:

The Company is committed to payments under operating leases as follows:

	2002	2001
2003	\$ 486,000	\$ 54,000
2004	11,000	11,000

RAPID TRANSIT PROJECT 2000 LTD.

Notes to Financial Statements

Years ended March 31, 2002 and 2001

12. Commitments and contingencies (continued):

(b) Capital commitments:

As at March 31, 2002, the Company is committed, under a contract with Bombardier, to a further \$8.37 million of expenditures relating to the purchase of SkyTrain vehicles.

(c) Construction-in-progress and deferred charges:

As at March 31, 2002, the Company is committed to future capital expenditures of approximately \$43.8 million for contracts currently entered into with respect to the SkyTrain Extension.

(d) Bombardier Inc.:

If agreement between the GVTA and Bombardier on an Operations and Maintenance contract is not reached, Bombardier can elect to sell, and the Company must purchase, the Centre for Advanced Transit Systems on reasonable commercial terms. The Province is currently investigating resolution of this issue with the various parties.

(e) Financial security:

The Company has issued three letters of financial security totalling \$865,000 to the Government of Canada, Department of Fisheries and Oceans relating to costs for supply and installation of habitat compensation and environmental monitoring at various construction sites which expired December 15, 2001 and were renewed until December 15, 2002.

The Company has issued a letter of financial security for \$190,000 to the City of New Westminster relating to costs to cover construction of restoration and offsite works required to support construction and operation of Sapperton Station which expired September 6, 2001, and was renewed until September 6, 2002.

(f) Contract changes under review:

At year end, there were various contract changes and claims relating to schedule delays under review. The Company has accrued its estimated cost related to these items. Any difference between amounts accrued and eventually paid will be recorded in the period of payment.

RAPID TRANSIT PROJECT 2000 LTD.

Notes to Financial Statements

Years ended March 31, 2002 and 2001

13. Subsequent events:

New contracts approved:

Subsequent to year end, the following contracts were approved:

- ▣ Drainage Restoration - Gilmore to Boundary to J.S. Ferguson for \$109,322.
- ▣ Structural Steel construction at Lake City Station to Marsh Steel for \$1,111,492.
- ▣ Logo Graphics and Vandal Film to Hi-Signs for \$170,999.
- ▣ Drainage Restoration - Sapperton Station Area to Gemco for \$100,000.

14. Comparative figures:

Certain comparative figures have been reclassified to conform with the financial statement presentation adopted for the current year.

RAPID TRANSIT PROJECT 2000 LTD.

Schedules of Construction-in-Progress

Years ended March 31, 2002 and 2001

Costs incurred to date	2002	2001
SkyTrain Extension:		
Electrical and mechanical systems	\$ 220,998,240	\$ 187,462,416
Guideway	354,022,435	283,802,576
Stations	91,966,304	31,160,235
Systems wide elements	7,946,042	6,425,924
Deposits on vehicles	103,988,851	103,851,105
Design	24,931,588	22,348,910
Public consultation	4,323,191	3,940,578
Property management	4,136,357	3,195,034
Project controls	8,669,364	6,118,392
Engineering and design management	10,772,003	8,784,375
Construction management	14,947,238	7,302,429
Insurance	4,143,095	2,647,656
Interest	79,305,779	61,503,933
Other	7,501,164	4,526,262
GST	-	16,581,866
Operations and Maintenance Centre	6,268,903	5,422,125
	<u>943,920,554</u>	<u>755,073,816</u>
Other project costs:		
Municipal Integration Fund:		
Costs	20,712,306	8,851,509
Amounts recovered from GVTA	(9,295,608)	-
Amounts recoverable from GVTA	(602,892)	(4,331,621)
	<u>10,813,806</u>	<u>4,519,888</u>
Systems upgrade:		
Costs	74,014,991	61,389,315
Amounts recovered from GVTA	(69,745,338)	(9,309,913)
Amounts recoverable from GVTA	(4,269,653)	(52,079,402)
	<u>-</u>	<u>-</u>
Coquitlam Pre-build	25,241,573	12,834,567
	<u>36,055,379</u>	<u>17,354,455</u>
	<u>\$ 979,975,933</u>	<u>\$ 772,428,271</u>
Consists of:		
Construction-in-progress	\$ 172,573,794	\$ 772,428,271
Completed construction	807,402,139	-
	<u>\$ 979,975,933</u>	<u>\$ 772,428,271</u>